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C O N F I D E N T I A L QUITO 001027

SIPDIS

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TAGS: [PREL](#) [PGOV](#) [ECIN](#) [ETRD](#) [SMIG](#) [EC](#) [PE](#)
SUBJECT: PRESIDENTS CORREA AND GARCIA RENEW BILATERAL
COMMITMENTS

REF: A. QUITO 1010
[1](#)B. GUAYAQUIL 212

Classified By: Ambassador Heather M. Hodges for Reasons
1.4 (b&d)

[1](#)1. (C) Summary: A decade of peace between Ecuador and Peru has not met all expectations, but the two governments appear committed to raising the stakes in terms of attention and investment. Presidents Rafael Correa and Alan Garcia and their cabinets met on October 25 in Machala, Ecuador, to mark the ten-year anniversary of the 1998 peace agreement. The two sides emphasized their interest in continuing to work together to develop infrastructure, strengthen economic ties, and continue demining efforts near the border. While possible sources of tension exist, so far they have not disturbed the positive bilateral relationship. End summary.

SECOND PRESIDENTIAL AND CABINET SUMMIT

[1](#)2. (SBU) Ecuadorian President Rafael Correa and Peruvian President Alan Garcia met on October 25 to discuss their countries' positive bilateral relationship since the 1998 Brasilia Peace Agreement. Both presidents reviewed the agreements that were signed on June 1, 2007, in Tumbes, Peru, during the first bilateral meeting between the two presidents and their cabinets. The 2007 Tumbes agreements covered pending issues from the Brasilia Peace Accords, such as access to Tiwintza, Commercial and Navigation Centers, humanitarian demining, ecological protected zones, Binational Development Plan of the Border Region, migration, commerce, etc.

[1](#)3. (SBU) The agenda for the October 25 meeting focused on continued bilateral cooperation, renewed commitment on existing initiatives, and new initiatives. Correa and Garcia signed a migration statute and agreed to create a binational fund to finance demining on the border. Correa commented that "ten years ago Peru and Ecuador were enemies, now we act like one country." Garcia stated that the two countries' cooperation should be an example for the rest of the region and the world because of the increased commerce and improved relations between Ecuador and Peru.

COMMERCE AND INVESTMENT

[1](#)4. (SBU) Trade between Ecuador and Peru has increased from nearly \$109 million to \$1.944 billion, according to the Ecuadorian Central Bank, during the period from 1995 to 2007. Ecuadorian exports to Peru have grown in the same time period from \$69 million to \$1.5 billion, while imports of

Peruvian products have grown from \$39 million to \$439 million. The Foreign Minister stated at a two-day seminar entitled "A Decade of Peace: Peru and Ecuador," sponsored by the Latin American Faculty of Social Sciences (FLACSO), that the Correa government has invested roughly \$902 million in the border area during the 18 months of the Correa administration, more than any Ecuadorian president over the last eight years. (Note: The Ambassador spoke at this conference on the role of the guarantor countries.) According to press reports, GOE investment into Ecuador's southern border region since 1998 has totaled \$1.621 billion.

15. (C) In addition to the official bilateral meetings, the two countries meet regularly at the ministerial level and communicate at least weekly. Ambassador Fabian Valdivieso, Ecuador MFA Director General for Border Relations with Peru, commented to PolOff that the two presidents have a good relationship. The two leaders meet regularly, such as at the Andean Community meeting in Guayaquil on October 14. They had previously met in Lima when Correa sought Garcia's support for Ecuador's position on the March 1 Colombian incursion.

ONGOING BILATERAL INFRASTRUCTURE PROJECTS

16. (C) Valdivieso stressed that both countries wanted to emphasize positive bilateral developments over the coming years. Ecuador is very interested in completing the construction of five main bilateral highways and public works projects as part of the 1998 Peace Accords. The five main projects include:

- a) Highway between Guayaquil, Ecuador and Piura, Peru.
- b) Highway between Arenillas, Ecuador and Sullana, Peru. This project includes the construction of an international bridge at Lalamor.
- c) Highway between Loja, Ecuador to Sullana, Peru, including an international bridge at Macara. Japan has contributed \$10 million towards the completion of this project, while Ecuador has contributed \$2 million. The project will also set up a customs and immigration office on the Ecuadorian side of the border to facilitate controlled border crossings.
- d) Highway between Loja, Ecuador to Sarameriza, Peru, with roads connecting Loja and Vilcabamba, Vilcabamba and Bellavista, and Bellavista and La Balsa. The project will include a customs and immigration office on the Peruvian side of the border to facilitate controlled border crossings.
- e) Highway between Puerto Bolivar, Ecuador and Sarmeriza, Peru, and improving the highway between Cuenca, Ecuador to Rio Morona, Peru.

17. (SBU) According to Valdivieso, Ecuador has invested \$472 million in these projects. Peru has completed phases 1 through 3, while phase 4 is progressing well. However, phase 5 has not started as it lacks funding. Ecuador claims the problem lies on the Peruvian side because the infrastructure project would be partially constructed on land that is part of a natural reserve, so Lima is hesitant to begin without studies being conducted.

18. (SBU) In addition to commerce, the binational projects mentioned above should facilitate migration, which is not seen as a problem between the two countries. Establishment of Binational Centers for Attention along the Border ("Centro Binacional de Atencion en Frontera" or "CEBAFs") on each side of the border crossings will process all documentation for tourists. No documentation is required between the two countries other than a passport or birth certificate to prove citizenship. Valdivieso commented that roughly 90,000 Peruvians have crossed into Ecuador in the past year, particularly into the Guayas Province, to work mostly in the agriculture sector on a temporary basis. The Peruvians take jobs that many Ecuadorians will not take or that were left vacant due to the large migration of Ecuadorians to Spain.

BILATERAL MECHANISMS

19. (SBU) Ecuador is also trying to accomplish key bilateral

objectives through the Ecuador-Peru Neighbor Relations Commission ("Comision de Vecindad Ecuatoriano-Peruana"), which most recently met in June in Loja, Ecuador. This commission is divided into two parts: a Bilateral Technical Commission, which deals with issues such as demining, and a Binational Plan, which deals with the development of infrastructure and economic cooperation. Valdivieso said that the Binational Plan is progressing. In the Tumbes agreements, both countries agreed to extend the Plan for another five years, until 2012. However, Ecuador would like to implement all elements of the Plan before 2012.

¶10. (SBU) Amb. Valdivieso also mentioned that the Mechanism of Political Coordination and Consultation ("Mecanismo de Coordinacion y Consulta Politica") or "2 2" brings together the Foreign and Defense Ministers from both countries. It has met twice in Lima, in July 2007 and on February 24, 2008.

¶11. (SBU) The humanitarian demining bilateral mechanism between Peru and Ecuador usually meets on a biannual basis, joining foreign ministry Directors General who are in charge of their respective countries' demining commissions: CENDESMI in Ecuador and CONTRAMINAS in Peru. Both countries received an eight year extension to comply with requirements of the Ottawa Convention. During a donors' meeting at the Ecuadorian MFA on September, representatives from the MFAs in Peru and Ecuador discussed the need for approximately \$1 million in annual international aid to complement each country's approximate \$500,000 annual investment into their respective demining programs.

POSSIBLE SOURCES OF TENSION

¶12. (C) Several unresolved issues could upset the positive bilateral relationship. One such issue is the unresolved maritime border between Peru and Chile, which is now under consideration by the International Court of Justice (ICJ). MFA Legal Advisor Gonzalo Salvador told us in late September that he would sign a contract with a Washington DC law firm in October to prepare Ecuador's arguments in Chile's favor in case the ICJ asks the GOE to weigh in. Another possible source of tension would be if the Andean Community splintered over trade negotiations (although Bolivia, not Ecuador, is the biggest obstacle), or if Peru continues to pull investment from Ecuador (see Reftels).

¶13. (C) A third area of possible future contention is the continued lack of funding for binational projects. For example, local discontent because of unfinished public works projects along the border already exists. The local population in Itamaraty, Ecuador, is upset because it has received very little of the promised assistance. A plane is the only method to travel to some small towns in southern Ecuador, because roads have not been completed as part of the Binational Plan. Disgruntlement was expressed by both Ecuadorians and Peruvians at the FLACSO conference.

COMMENT

¶14. (C) Over the last ten years, Ecuador and Peru have shifted their main focus in the bilateral relationship from security to economic development. Although the relationship between Presidents Correa and Garcia is cordial, we do not see much chemistry between them. Despite this, the two leaders both seem committed to improving relations and making progress on the 1998 Brasilia Accords and the Tumbes agreements through multiple bilateral mechanisms that weave networks of cooperation. Their continued success would be a plus for the two peoples and the region.

HODGES